

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**D.T.E. 01-106**

**Investigation by the Department of Telecommunications and Energy on  
its Own Motion, Pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76 to Investigate  
Increasing the Penetration Rate for Discounted Electric, Gas and Telephone Service**

**Initial Comments of The Berkshire Gas Company**

**January 24, 2002**

**EXECUTIVE SUMMARY**

The Berkshire Gas Company (“Berkshire” or the “Company”) appreciates this opportunity to comment upon potential initiatives to increase the penetration rates for participation in discount rates. The Company has long been committed to implementing proactive steps to secure benefits for its valued low-income customers. In these comments, Berkshire believes that it is helpful to describe its efforts to date with respect to discount rates before turning to the specific inquiries of the Department.

Berkshire has undertaken a wide range of initiatives to secure available benefits for its low-income customers. The Company has promoted the availability of such discount rates, worked actively and cooperatively with low-income agencies and advocates, sought to “bundle” available opportunities for the benefit of low-income customers (e.g. providing relevant conservation programs in coordination with discount rates) and is now implementing a “computer match” program with the local agency that administers the fuel assistance program. Berkshire is pleased that these efforts have resulted in relatively high and rapidly growing participation levels for its discount rates. The Company is proud to have been recognized by the low-income weatherization and fuel assistance network, the Massachusetts Community Action Program Directors

Association Inc., and the Low-Income Energy Affordability Network (collectively, “LEAN”) as “a leader in helping its low-income customers, with both a discount rate and the Commonwealth’s longest-running low-income utility efficiency program.” See LEAN Initial Brief, D.T.E. 01-56, November 13, 2001; see also LEAN Reply Brief, D.T.E. 01-56, November 30, 2001. Despite these achievements, Berkshire remains committed to considering further opportunities to work with LEAN and other stakeholders to make discount rates and low-income DSM programs available to eligible customers.

As was demonstrated in the evidentiary record in D.T.E. 01-56, Berkshire has secured relatively high levels of discount rate participation and such levels have increased dramatically since the end of the Company’s rate case test-year, namely December 31, 2000. See Co. In. Br. D.T.E. 01-56, pp. 175-78 (Berkshire experienced 14% to 18% growth rates in low-income rate participation levels from test year months to comparable months in 2001.). Berkshire believes that a number of factors have contributed to this achievement. First, Berkshire has been active and persistent in terms of making customers aware of the availability of discount rates. A number of specific measures have been applied, including regular bill inserts, mailings and media advertising. A particular emphasis is applied at the beginning of the heating season, as gas costs are traditionally higher at that time. More recently, the Company has increased its coordination with groups such as LEAN. Berkshire has agreed to provide these low-income agencies with special access to portions of its database in order to ensure that customers eligible for special programs (e.g. discount rates or fuel assistance) receive such benefits as quickly as possible. Berkshire also supports LEAN with funding given

LEAN's valuable assistance to the Company and its customers. See Settlement Agreement in Berkshire's most recent DSM Proceeding, D.T.E. 01-29. The Company is also implementing a computer match program that is intended to ensure that all customers eligible for fuel assistance are enrolled in discount rates. Please see the response to question (2) below. Berkshire believes that this level of coordination and targeted assistance from LEAN have been responsible for the recent increases to low-income rate participation levels.

Berkshire believes that coordinated efforts to identify and enroll eligible customers in discount rate programs, if structured and implemented appropriately, may provide beneficial opportunities for customers. Berkshire is pleased to consider the issues addressed in the Department's Vote and Order to Open Investigation and other coordinated activities, with other utilities, LEAN and other stakeholders. At the same time, Berkshire believes that it remains important to respect the privacy and preferences of its customers, including respect for the decision of some eligible customers to decline to participate in discount rate programs.

Berkshire also suggests that the Department should be mindful of cost and rate implications of these enrollment initiatives and reflect the requirements of the General Laws so as to avoid creating a disincentive to utilities to fully pursue participation of eligible low-income customers. Berkshire recognizes that each utility is subject to different requirements with respect to rates and notes that in D.T.E. 01-56 Berkshire proposed a ten-year rate plan that would preclude the filing of a base rate case. Berkshire submits that the Department should be receptive to utility filings seeking to address the higher subsidy amounts that may result from the mandatory enrollment of customers

pursuant to the procedures described in the Vote and Order to Open Investigation. Section 1F(4)(i) of Chapter 164 of the General Laws provides that the “cost of such discounts shall be included in the rates charged to all other customers of a distribution company.” The Department should allow, at a minimum, “exogenous variable” treatment or deferral of such costs to ensure compliance with this statutory requirement. See also, Blackstone Gas Company, D.T.E. 01-50, p. 35 (2001) (The Department traditionally allows recovery of the low-income subsidy via base rate charges to other ratepayers.); Boston Edison Co. v. Department of Public Utilities, 375 Mass. 1, 10 (1978) (Absence of compensatory charges could constitute confiscatory ratemaking.).

## **RESPONSES TO INQUIRIES**

### **(1) Describe outreach efforts to identify eligible discount customers.**

As described above, Berkshire pursues a wide range of activities to make customers aware of the availability of discount rates. These efforts include regular bill inserts, mailings, advertisements and the discussion of these programs on the Company’s website. Berkshire also trains all of its customer service representatives in order to facilitate the prompt response to customer inquiries. For example, customer service representatives have been trained to discuss all of the Company’s programs for low-income customers as well as external programs such as fuel assistance. This active encouragement of these programs is well-received by customers. In addition, the Company has appreciated the efforts of LEAN in working with the Company in terms of identifying and enrolling customers in the discount rate program. The Company believes that cooperative efforts will likely continue to yield results and is committed to working

with these groups in terms of not only rate enrollment, but also DSM program implementation.

**(2) Describe current procedure used for subscriber eligibility verification and enrollment.**

The Company employs a variety of procedures in terms of enrollment and verification. The Company has sought to streamline these procedures in order to facilitate enrollment and for internal efficiency. The Company has sought to simplify and coordinate the enrollment forms with requirements of relevant assisting agencies. In terms of verification, the Company has found that data sharing with LEAN has been effective while still addressing privacy concerns. Currently, the local Berkshire County fuel assistance program agency, Berkshire Community Action Council (“BCAC”) provides the Company with regular lists of natural gas customers that are fuel assistance recipients. This information is employed in the enrollment and verification processes. Additionally, the Company is working with BCAC to implement a computer matching program to ensure that all natural gas customers that are eligible for fuel assistance are served pursuant to discount rates.

**(3) Discuss whether current subscriber eligibility standards would permit utilities to enroll each other’s customers in discount programs.**

As an initial matter, Berkshire believes that if eligibility standards are uniform throughout the gas, electric and telephone industries, there are far greater possibilities for shared enrollment procedures. As a practical matter, rate enrollment and related billing and service matters should remain the responsibility of each individual utility, as such efforts may be supplemented by agencies such as LEAN or, in the Company’s case,

BCAC. Thus, it is not appropriate for electric utilities to maintain responsibility for enrolling gas customers in discount programs. Berkshire believes that two serious concerns are also relevant to the consideration of this question. First, there are likely to be privacy interests involved in the disclosure of eligible customers to another utility. Second, there are increasing concerns as to competitive factors, particularly as to utilities with competitive energy affiliates. Accordingly, Berkshire does not believe that individual utilities should have any responsibility outside of the enrollment of customers within their own programs. Please see the response to question (5) below.

**(4) Discuss strategies for addressing varying income requirements of public benefit programs.**

Berkshire does not have specific comments on this matter. Berkshire believes that discount rates are best administered when there are clear eligibility standards and verification procedures. Berkshire believes that these programs are best implemented when eligibility standards are simply not an issue for the utility. Eligibility standards are best administered when transparent for both the utility and its customers.

**(5) Discuss whether utilities could implement a computer matching program to verify subscriber eligibility and enroll eligible customers in discount programs.**

The Company believes that such matching programs between utilities may not be appropriate given considerations of customer privacy and related competitive concerns. Berkshire believes that agencies such as LEAN or BCAC, if subject to appropriate confidentiality agreements and procedures, may be able to facilitate any computer matching program. The use of such an intermediary may address privacy and

competitive concerns. As a general matter, the Company believes that, similar to its ongoing initiative, matching programs should be implemented in coordination with agencies such as LEAN or BCAC. Accordingly, the best “partners” for such initiatives will vary between utilities. Therefore, any regulatory mandate should reflect the likely need for flexibility in the design and implementation of match programs.

**(6) Discuss whether any legal impediment exists to enrolling customers in all available discount programs.**

The Company is not aware of legal concerns other than privacy and concerns of customer choice that could act as a barrier to the enrollment of customers in all available discount programs. As discussed, the Company is concerned that appropriate rate treatment be accorded to all discount amounts.

**(7) Discuss privacy concerns related to electronic sharing of financial or other confidential information.**

Berkshire is extremely sensitive to the privacy concerns of its customers. Berkshire is wary of sharing any information regarding customers’ financial condition or other private information absent direct authorization. The Company believes that the use of state agencies to facilitate the sharing of information may facilitate enrollment while preserving customer confidentiality. Berkshire also recognizes that some eligible customers elect not to participate in discount programs despite efforts by the Company to encourage their enrollment. Berkshire believes that any revised process developed in this proceeding should be sensitive to and respect the choices of individual customers.

## **CONCLUSION**

The Company appreciates the opportunity to comment in this proceeding. Berkshire has worked diligently to serve its low-income customers and is pleased that its efforts have been recognized by groups such as LEAN. Berkshire is committed to the implementation of appropriate programs to increase the penetration levels for discount rates. The Company expects that well structured and implemented initiatives such as its ongoing project with BCAC may be appropriate for consideration in terms of any further regulatory mandate. Berkshire looks forward to working with the Department, other state and local agencies, LEAN and BCAC to address the concerns being addressed in this proceeding.